

13 January 1954

## INTELLIGENCE ADVISORY COMMITTEE

### NSC Semi-Annual Supplementary Status Report on the Foreign Intelligence Program

1. The attached draft, prepared by CIA, covers those sections of subject report for which CIA has some responsibility and competence. Comparison with the last annual report (IAC-D-55/4 (Revised) 28 July 1953) will show that the following sections have not been treated: IV ("Political, Social and Cultural Intelligence"); V ("Armed Forces Intelligence"); and 1 through 4 of XII ("Collection: The Foreign Service, Service Attache System, Overseas Commands, and Aerial Reconnaissance").

2. It would be appreciated if each agency would review this draft and designate a representative to meet in Room 2C468, The Pentagon, at 2:00 p.m. on Wednesday, 20 January, to discuss proposed changes and additions, including drafts prepared by State and the Military Departments for those sections listed above as not covered herein.

3. It may be that the agencies will wish to adopt a different presentation for this first supplementary report, such as a draft more directly responsive to the pertinent national security objectives set forth in paragraph 10 of NSC 162/2, namely to:

"Develop and maintain an intelligence system capable of:

(1) Collecting and analyzing indications of hostile intentions that would give maximum prior warning of possible aggression or subversion in any area of the world.

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(2) Accurately evaluating the capabilities of foreign countries, friendly and neutral as well as enemy, to undertake military, political, economic, and subversive courses of action affecting U.S. security.

(3) Forecasting potential foreign developments having a bearing on U.S. national security."

  
Secretary

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## I. COORDINATION

1. Coordination among the intelligence agencies, so necessary to the development of an effective U.S. intelligence system, continued to improve.

2. At the request of the Bureau of the Budget, the Intelligence Advisory Committee developed a suggested listing of categories of intelligence activities as an aid to the Bureau in its proposed budgetary analysis of intelligence programs.

3. Two Director of Central Intelligence Directives were issued and one revised, with the concurrence of the IAC, during this period. DCID 7/1 establishes procedures for insuring that all non-governmental individuals offering foreign intelligence information are referred to CIA for exploitation in accordance with NSCID 7. DCID 3/5 refines procedures for the production of national intelligence estimates.



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4. Four more of the eleven formal subcommittees of the IAC initiated progress reports to the IAC (the committees on watch, scientific estimates, economic warfare intelligence, and clandestine intelligence priorities).

5. The Subcommittee on Exploitation to the Advisory Committee on Foreign Language Publications has held seventeen meetings and is finishing its first interim report of recommendations to the senior committee. Considerable progress has been made in the investigation of exploitation so as to provide within current budgetary limitations maximum possible service to fit the needs of all the IAC agencies. All existing Chinese Communist economic and scientific monographs available throughout the U.S. have been surveyed and annotated reports on each of these have been furnished to the IAC agencies. In the Subcommittee's investigations, continuing emphasis is being placed on closer coordination of operations, apportionment of workload and reduction of duplication among existing exploitation facilities. Effective results toward this aim are expected in the near future.

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# 11. NATIONAL ESTIMATES

1. During the period of this report the IAC approved 19 national estimates (8 special estimates and 11 NIE's).

2. At the request of the IAC, the Board of National Estimates, CIA, has undertaken a review of DCID's 4/1 and 4/2, issued under NSCID 4, on national intelligence objectives.

3. A member of the Board of National Estimates has been designated chairman of a Resistance Intelligence Committee, an interdepartmental ad hoc committee formed by the IAC to coordinate the preparation of studies of anti-communist resistance and resistance potential in the Soviet orbit.

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III. POLITICAL, SOCIAL AND CULTURAL INTELLIGENCE ---

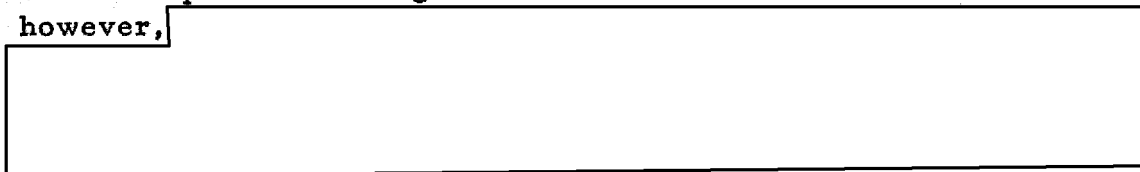
IV. ARMED FORCES INTELLIGENCE ---

V. ECONOMIC INTELLIGENCE

1. The recent revisions of economic policy and plans in the Soviet Bloc countries have led to a temporary increase in the flow of Soviet and Satellite data on production, trade, and consumption. Although much of this information continues to be stated in conventional percentage terms, a considerable amount was reported in absolute terms. These new data should permit improved estimates on rates of development and trends in particular sectors of the Bloc economies.

2. Intelligence needed for enforcement of economic defense measures has been improved during the last six months by the establishment of machinery to provide rapid collation and analysis of intelligence on actionable cases, to speed the dissemination of intelligence to appropriate action agencies, and to improve the receipt of information on priority requests to the field. Collection efforts to provide intelligence in this field have been impaired, however,

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